

<b>AMENDMENT OF SOLICITATION/MODIFICATION OF CONTRACT</b>			<b>1. CONTRACT ID CODE</b> K		<b>PAGE 1 OF 5</b>		
<b>2. AMENDMENT/MODIFICATION NO.</b>  0005		<b>3. EFFECTIVE DATE</b>  June 10, 2004		<b>4. REQUISITION/PURCHASE REQ. NO.</b>  SP0600-04-1373 & 1374		<b>5. PROJECT NO. (If applicable)</b>	
<b>6. ISSUED BY</b>  DEFENSE ENERGY SUPPORT CENTER 8725 JOHN J. KINGMAN ROAD, SUITE 4950 FT. BELVOIR, VA 22060-6222 BUYER/SYMBOL		<b>CODE</b>  SP0600  P.P. 7.4		<b>7. ADMINISTERED BY (If other than Item 6)</b> <b>CODE</b>			SP0600
<b>8. NAME AND ADDRESS OF CONTRACTOR (NO., street,city,county,State,and ZIP Code)</b>        Phone: _____ Fax: _____ E-Mail: _____ DUNS: _____ Cage Code: _____ Bidder Code: _____				<b>X</b>		<b>9a. AMENDMENT OF SOLICITATION NO.</b>  SP0600-04-R-0086	
						<b>9b. DATED (SEE ITEM 11)</b>  March 26, 2004	
						<b>10a. MODIFICATION OF CONTRACT/ORDER NO.</b>	
						<b>10b. DATED (SEE ITEM 13)</b>	
<b>11. THIS ITEM ONLY APPLIES TO AMENDMENTS OF SOLICITATIONS</b>							
<p>[ X ] The above numbered solicitation is amended as set forth in Item 14. The hour and date specified for receipt of Offers [ ] is extended, [ X ] is not extended.</p> <p>Offers must acknowledge receipt of this amendment prior to the hour and date specified in the solicitation or as amended, by one of the following methods: (a) By completing Items 8 and 15, and returning <u>1</u> copies of the amendment; (b) By acknowledging receipt of this amendment on each copy of the offer submitted; or (c) By separate letter or telegram which includes a reference to the solicitation and amendment numbers. <b>FAILURE OF YOUR ACKNOWLEDGMENT TO BE RECEIVED AT THE PLACE DESIGNATED FOR THE RECEIPT OF OFFERS PRIOR TO THE HOUR AND DATE SPECIFIED MAY RESULT IN REJECTION OF YOUR OFFER.</b> If by virtue of this amendment you desire to change an offer already submitted, such change may be made by telegram or letter, provided each telegram or letter makes reference to the solicitation and this amendment, and is received prior to the opening hour and date specified.</p>							
<b>12. ACCOUNTING AND APPROPRIATION DATA (If required)</b>							
<b>13. THIS ITEM APPLIES ONLY TO MODIFICATIONS OF CONTRACTS/ORDERS, IT MODIFIES THE CONTRACT/ORDER NO. AS DESCRIBED IN ITEM 14.</b>							
A. THIS CHANGE ORDER IS ISSUED PURSUANT TO: (Specify authority) THE CHANGES SET FORTH IN ITEM 14 ARE MADE IN THE CONTRACT ORDER NO. IN ITEM 10A.							
B. THE ABOVE NUMBERED CONTRACT/ORDER IS MODIFIED TO REFLECT THE ADMINISTRATIVE CHANGES (such as changes in paying office, appropriation date, etc.) SET FORTH IN ITEM 14, PURSUANT TO THE AUTHORITY OF FAR 43.103(b)							
C. THIS SUPPLEMENTAL AGREEMENT IS ENTERED INTO PURSUANT TO AUTHORITY OF:							
D. OTHER (Specify type of modification and authority):							
<b>E. IMPORTANT:</b> Contractor [ ] is not, [ ] is required to sign this document and return <u>  </u> copies to the issuing office.							
See pages 2 through 5							
Except as provided herein, all terms and conditions of the document referenced in Item 9A or 10A, as heretofore changed, remain unchanged and in full force and effect.							
<b>15A. NAME AND TITLE OF SIGNER (Type or print)</b>				<b>16A. NAME OF CONTRACTING OFFICER</b>  <b>STEPHANIE R. PEREZ</b>			
<b>15B. NAME OF CONTRACTOR/OFFEROR</b>  BY _____ (Signature of person authorized to sign)		<b>15C. DATE SIGNED</b>		<b>16B. UNITED STATES OF AMERICA</b>  BY _____ (Signature of Contracting Officer)		<b>16C. DATE SIGNED</b>	

**The following changes and additions are hereby incorporated into Solicitation SP0600-04-R-0086:**

**For Line Items 4051 and 4053 – Locations behind Northwest Pipeline (NWPL):**

The notes for line items 4051 and 4053 have been restructured as shown on the attached schedule pages. Note 6a and 6b represented below are new notes:

Note 6:

a. The installations covered by Line Items 4051 and 4053 have historically had Firm Fixed Price (FFP) quantities of 70% of the winter loads and 60% of the summer load at time of contract award. This solicitation provides for award of total quantity as Fixed Price with Economic Price Adjustment (FP/EPA). These installations are expecting to perform price conversions of the awarded FP/EPA quantities in accordance with Clause B704 – CONTRACT PRICE CONVERSION (Natural Gas) (DESC FEB 2002).

b. The EPA quantities of natural gas delivered will be priced using Inside FERC's Gas Market Report price index. DESC will pay the Northwest Pipeline Corporation Spot Market Price Table, Canadian Border index plus the applicable adjustment factor for EPA quantities as shown in the SIP Table at the bottom of the schedule page. For converted FFP quantities, the pricing structure includes Nymex and other adjustment factor elements in the negotiated price.

**See schedule pages on pages 3 through 5 of this Amendment. All offerors who will provide an offer on these line items must utilize the enclosed schedule pages when submitting final proposal revisions.**

The projected date for closing discussions is Tuesday, **16 June 2004, 3:00 PM local time, Fort Belvoir, VA**. The projected date for submission of final proposal revisions is Wednesday, **17 June 2004, 1:00 PM local time, Fort Belvoir, VA**. DESC will notify offerors in writing once the closing date and time is finalized.

**REMINDER:** Receipt of facsimile offers will be accepted at the following two facsimile numbers:

**(703) 767-8672            or            (703) 767-8757**

**It is important that you contact one of the DESC representative listed below in the event you incur problems trying to submit your offers either by facsimile or emails for the scheduled closing date.**

Ms. Annie Gordon – (703) 767-3415

Ms. Jeannine Fairly – (703) 767-8563

Ms. Stephanie Perez – (703) 767-8561

**In addition, request you call one of the individuals listed above to confirm receipt of your offer.**

**INSTALLATIONS BEHIND NORTHWEST PIPELINE - Line Items 4051, and 4053**

The following notes apply to Line Items 4051, and 4053:

**NOTE 1:** Line Items 4051, and 4053 are for delivery to installations behind Northwest Pipeline and are tied together for evaluation and award.

**NOTE 2:** The Contractor shall deliver natural gas supplies for ultimate delivery to the Department of Defense installations, using his own Firm and Limited Interruptible transportation capacity for the customers that are situated behind the LDCs along the Northwest Pipeline Corporation interstate pipeline system (NWPL)

**NOTE 3:** The Contractor will be responsible for providing the limited interruptible transportation on NWPL for DESC's requirements with a minimum delivery percentage of eighty percent (80%). Upstream capacity constraints (such as curtailments on West Coast Pipeline) will not constitute legitimate excuses to performance.

**NOTE 4:** Estimated requirements for the Firm and Limited Interruptible loads do not include the NWPL in-kind fuel reimbursement fuel loss. The Contractor will be responsible for including the in-kind fuel loss quantities when submitting his monthly nominations.

**NOTE 5:** The offeror's price shall include transportation fuel-in-kind and supply management fees.

**NOTE 6:**

a. The installations covered by Line Items 4051 and 4053 have historically had Firm Fixed Price (FFP) quantities of 70% of the winter loads and 60% of the summer load at time of contract award. This solicitation provides for award of total quantity as Fixed Price with Economic Price Adjustment (FP/EPA). These installations are expecting to perform price conversions of the awarded FP/EPA quantities in accordance with Clause B704 -CONTRACT PRICE CONVERSION (Natural Gas) (DESC FEB 2002).

b. The EPA quantities of natural gas delivered will be priced using Inside FERC's Gas Market Report price index. DESC will pay the Northwest Pipeline Corporation Spot Market Price Table, Canadian Border index plus the applicable adjustment factor for EPA quantities as shown in the SIP Table at the bottom of the schedule page. For converted FFP quantities, the pricing structure includes Nymex and other adjustment factor elements in the negotiated price.

**NOTE 7:** Line Item 4052 is hereby deleted.

The following notes are only applicable to line item 4053:

**NOTE 8:** One nomination will be provided to the marketer that consists of all installations behind Line Item 4053 which includes Cascade Natural Gas Corporation Local Distribution Company (LDC), and Puget Sound Energy (LDC). The subline item numbers that fall under Cascade are 405301, 405302, 405303, 405304, and 405305. The subline item number that falls under Puget Sound is 405306. The Contractor will place this monthly nomination to the appropriate LDC(s) and any necessary pipelines in accordance with the delivery order issued by the Ordering Officer. The Contractor shall adjust the nominations within the applicable swing percentages listed in the contract as necessary to keep the installations in balance.

**NOTE 9:** Delivery of natural gas is to be FOB Citygate Cascade and FOB Citygate Puget Sound via Northwest pipeline.

## 4051 FAIRCHILD AIR FORCE BASE and MCCHORD AIR FORCE BASE

4051 Direct Supply Natural Gas to be delivered FOB CITYGATE Avista/Puget Sound via **FIRM OR FIRM EQUIVALENT TRANSPORTATION WITH SUPPLY MANAGEMENT AND LIMITED INTERRUPTIBLE TRANSPORTATION WITH SUPPLY MANAGEMENT** from October 01, 2004 to September 30, 2005.

<b>TOTAL QUANTITY</b>		<b>554,003</b>	Estimated Quantity	Unit Price	Total Estimated Price
-----					
<b>FIXED PRICE WITH EPA:</b>					
4051 AA	SUPPLY INDEX PRICE		554,003	*	*
-----					
			Estimated Quantity	Unit Price	Total Estimated Price
-----					
<b>FIXED PRICE WITH EPA:</b>					
<b>FIRM</b>		<b>268,900</b>			
4051 AD	WINTER ADJUSTMENT FACTOR	193,700		\$ _____	\$ _____
4051 AE	SUMMER ADJUSTMENT FACTOR	75,200		\$ _____	\$ _____
-----					
<b>LIMITED INTERRUPTIBLE</b>		<b>285,103</b>			
4051 AG	WINTER ADJUSTMENT FACTOR	163,151		\$ _____	\$ _____
4051 AH	SUMMER ADJUSTMENT FACTOR	121,952		\$ _____	\$ _____
-----					
EQ	FOR ULTIMATE DELIVERY TO		SUMMER QUANTITY	WINTER QUANTITY	
-----					
405101	FAIRCHILD AIR FORCE BASE FIRM	1,613	75,200	193,700	
405102	MCCHORD AFB LIMITED INTERRUPTIBLE		121,952	163,151	

\* The following information is provided for Clause B700, ECONOMIC PRICE ADJUSTMENT - MARKET PRICE AND TRANSPORTATION, paragraph (e):

(1) The SIP Table is as follows:

I Item No.	II Delivery Point	III Publication/ Table	IV Pipeline where SIP is applicable	V Location where SIP is applicable	VI Applicable ceiling Provision	VII Supply Index Price
4051	AVISTA/ PUGET SOUND ENERGY	INSIDE FERC'S GAS MARKET REPORT	Northwest Pipeline	Canadian Border	ALT I	March, 2004

4053 NAVY INSTALLATIONS BEHIND CASCADE NATURAL GAS CORPORATION (LDC) and NORTHWEST PIPELINE, WA

4053 Direct Supply Natural Gas to be delivered FOB CITYGATE Cascade Gas/Puget Sound via FIRM OR FIRM EQUIVALENT TRANSPORTATION WITH SUPPLY MANAGEMENT AND LIMITED INTERRUPTIBLE TRANSPORTATION WITH SUPPLY MANAGEMENT from October 01, 2004 to September 30, 2005.

TOTAL QUANTITY 2,154,191

	Estimated Quantity	Unit Price	Total Estimated Price
<b>FIXED PRICE WITH EPA:</b>			
4053 AA SUPPLY INDEX PRICE	2,154,191	*	*
<b>FIXED PRICE WITH EPA:</b>			
<b>FIRM</b>	<b>241,602</b>	<b>*</b>	<b>*</b>
4053 AD WINTER ADJUSTMENT FACTOR	100,385	\$ _____	\$ _____
4053 AE SUMMER ADJUSTMENT FACTOR	141,217	\$ _____	\$ _____
<b>LIMITED INTERRUPTIBLE</b>			
	<b>1,912,589</b>	<b>*</b>	<b>*</b>
4053 AG WINTER ADJUSTMENT FACTOR	1,027,026	\$ _____	\$ _____
4053 AH SUMMER ADJUSTMENT FACTOR	885,563	\$ _____	\$ _____

PRICE CONVERSION TRANSACTION FEE RANGE FROM \$ \_\_\_\_\_ TO \$ \_\_\_\_\_

EQ	FOR ULTIMATE DELIVERY TO	MDQ	SUMMER QUANTITY	WINTER QUANTITY
405301	NAS WHIDBEY ISLAND LIMITED INTERRUPTIBLE		129,500	166,000
405302	NAVAL HOSPITAL BREMERTON LIMITED INTERRUPTIBLE		36,570	22,355
405303	NAVAL UNDERSEA WARFARE CENTER, KEYPORT FIRM	119	24,617	17,485
	LIMITED INTERRUPTIBLE		48,400	85,000
405304	NAVAL STATION BREMERTON LIMITED INTERRUPTIBLE		539,000	543,000
405305	NAVAL SUBMARINE BASE BANGOR FIRM	400	85,600	60,400
	LIMITED INTERRUPTIBLE		119,593	168,171
405306	NAVAL STATION EVERETT FIRM	161	31,000	22,500
	LIMITED INTERRUPTIBLE		12,500	42,500

\* The following information is provided for Clause B700, ECONOMIC PRICE ADJUSTMENT - MARKET PRICE AND TRANSPORTATION, paragraph (e):

(1) The SIP Table is as follows:

I Item No.	II Delivery Point	III Publication/ Table	IV Pipeline where SIP is applicable	V Location where SIP is applicable	VI Applicable ceiling Provision	VII Supply Index Price
4053	CITYGATE CASCADE GAS/PUGET SOUND	INSIDE FERC'S GAS MARKET REPORT	Northwest Pipeline	Canadian Border	ALT I	March, 2004